GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3302
ANSWERED ON:04.08.2017
Recapitalisation of Banks
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes for recapitalisation of State-owned banks under Indradhanush to revive these Public Sector Banks (PSBs);

(b) if so, the details thereof and the reasons for recapitalisation of these banks;

(c) whether the Government has identified and directed few PSBs to raise funds on their own from the market and not to depend on Government's recapitalization plan; and

(d) if so, the details thereof and the reasons therefor?

Answer

The Minister of State in the Ministry of Finance

(a) to (d): Under the Indradhanush Plan, the Government of India proposed to make available Rs.70,000 crores out of budgetary allocations for four years as per the figures given below:-
(i) Financial Year 2015 -16 Rs. 25,000 crore
(ii) Financial Year 2016-17 Rs. 25,000 crore
(iii) Financial Year 2017-18 Rs. 10,000 crore
(iv) Financial Year 2018-19 Rs. 10,000 crore
Total Rs. 70,000 crore

The Government infused a sum of Rs. 25000 crore in 19 PSBs during financial year 2015-16 and Rs. 24997.182 crore into 16 PSBs during the FY 2016-17.The capital is calculated / provided keeping in view overall macroeconomic scenario, credit estimation, Basel requirement and Reserve Bank of India recommendations, if any.

Government has also allowed all PSBs to raise capital from Public markets through Follow-on Public Offer (FPO) or Qualified Institutional Placement (QIP) by diluting Government of India holding upto 52% in phased manner based on their capital requirement, their stock performance, liquidity, market conditions etc. The Government has given permission to 13 PSBs (Allahabad Bank, Andhra Bank, Bank of India, Central Bank of India, Dena Bank, IDBI Bank, Indian Bank, Punjab National Bank, State Bank of India, Syndicate Bank, UCO Bank, United Bank of India and Vijaya Bank) to raise capital from the market through QIP / FPO / Preferential Allotment since April, 2016.
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